

Annual Report
1964



APR - 6 1965

George Weston Limited



DIRECTORS

W. GARFIELD WESTON

GEORGE C. METCALF

W. D. MOFFATT

F. C. LENNOX

C. L. GUNDY

W. S. ROBERTSON

F. A. RIDDELL

E. L. JONES

G. E. CREBER

S. J. SMITH

OFFICERS

Chairman - - - - - W. GARFIELD WESTON

President and Managing Director - - - - - GEORGE C. METCALF

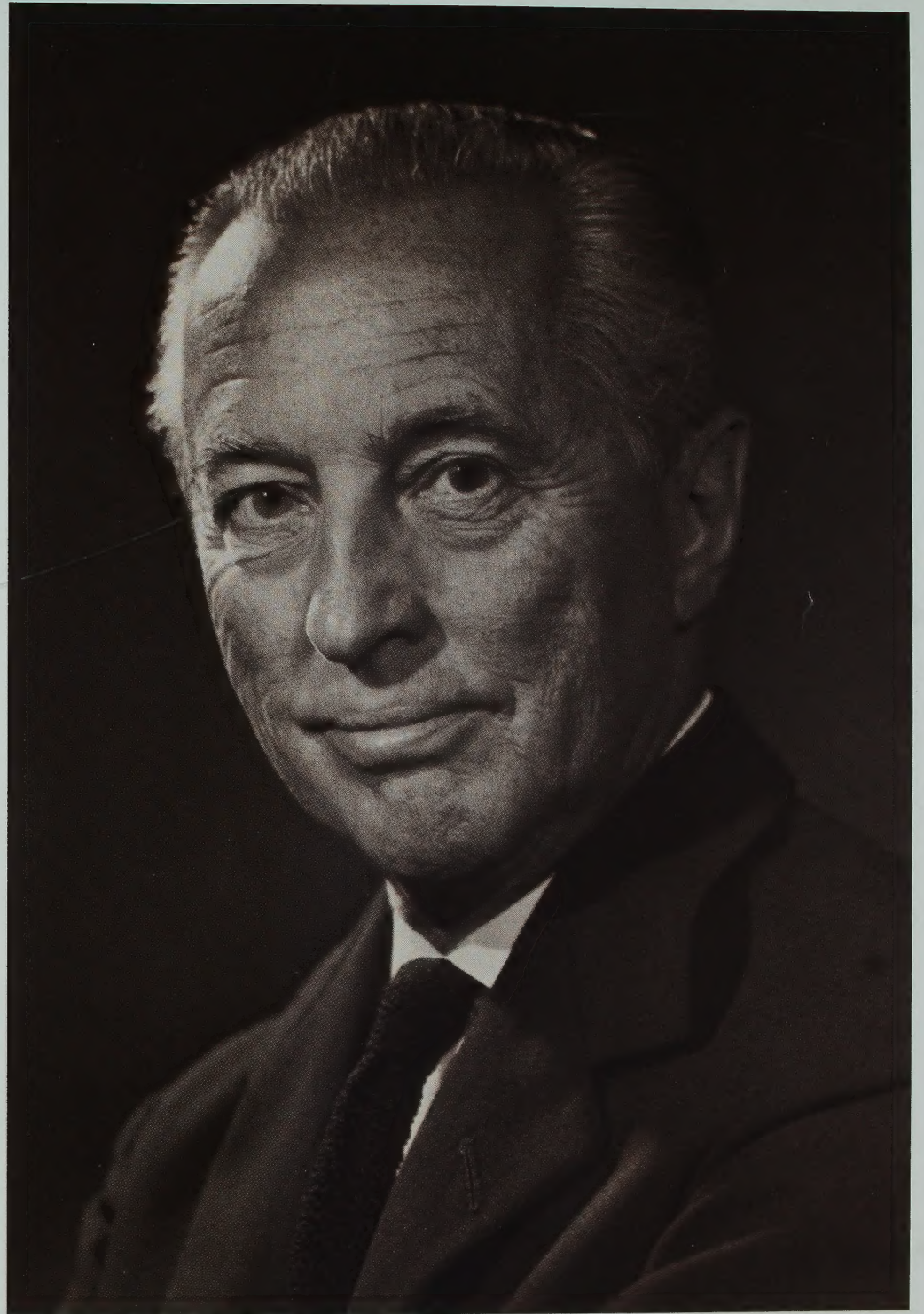
Vice-President - - - - - M. C. ALLEN

Secretary-Treasurer - - - - - E. L. JONES

Financial Highlights

	1964	1963
NET PROFIT AFTER TAXES - - - - -	<u>\$ 15,027,152</u>	<u>\$ 13,046,805</u>
DIVIDENDS PAID		
On Preferred Stock - - - - -	984,037	987,751
On Common Stock - - - - -	4,512,852	3,984,489
	<u>\$ 5,496,889</u>	<u>\$ 4,972,240</u>
EARNINGS PER COMMON SHARE - - -	\$1.36	\$1.17
WORKING CAPITAL		
Current Assets - - - - -	114,329,535	122,015,383
Current Liabilities - - - - -	52,392,470	58,115,168
	<u>\$ 61,937,065</u>	<u>\$ 63,900,215</u>
WORKING CAPITAL RATIO - - - - -	2.18 to 1	2.10 to 1
TOTAL ASSETS - - - - -	<u>\$244,021,817</u>	<u>\$241,585,670</u>

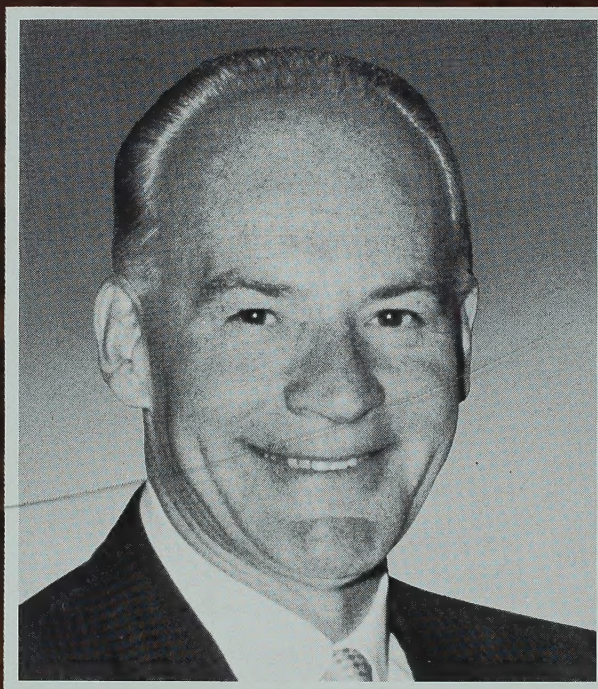
Lawrence C. West
Chairman of the Board



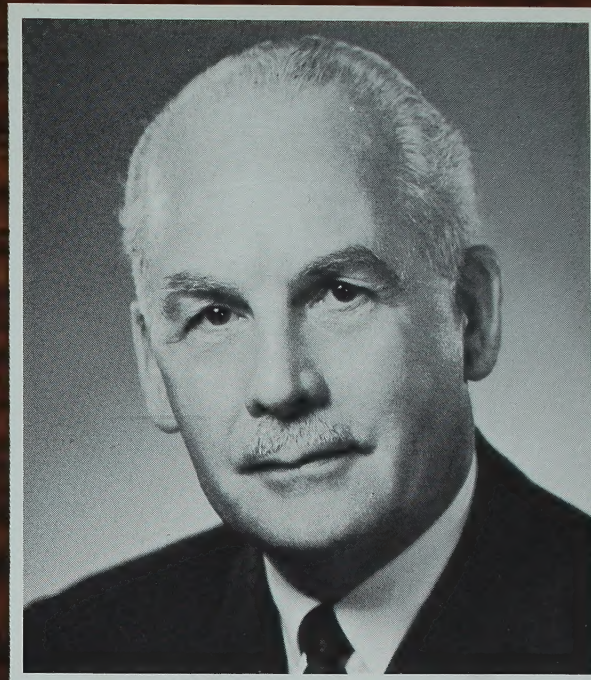
Karsh



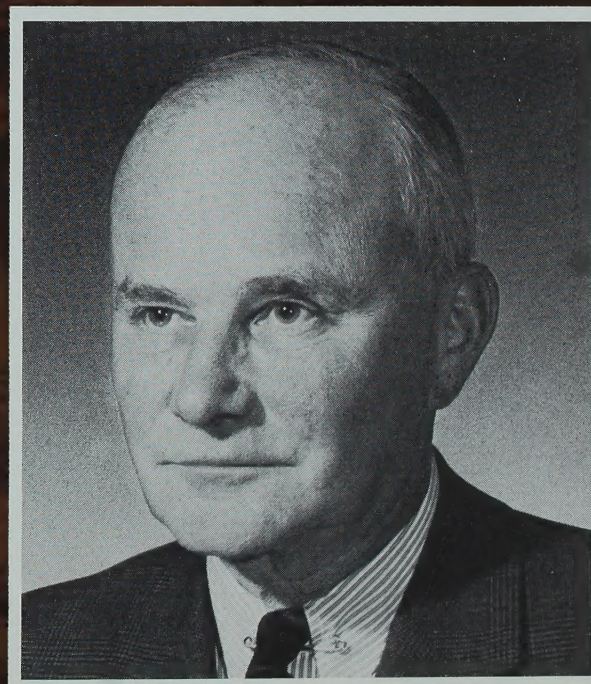
DIRECTORS



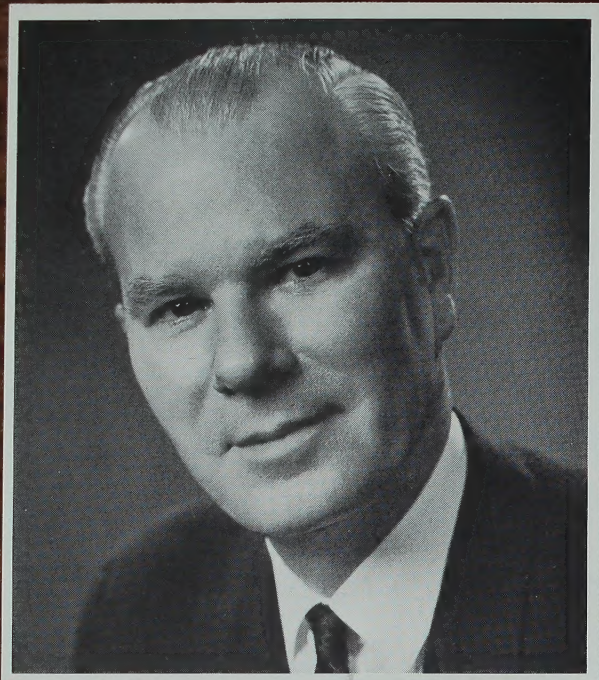
GEORGE C. METCALF
President and Managing Director
George Weston Limited



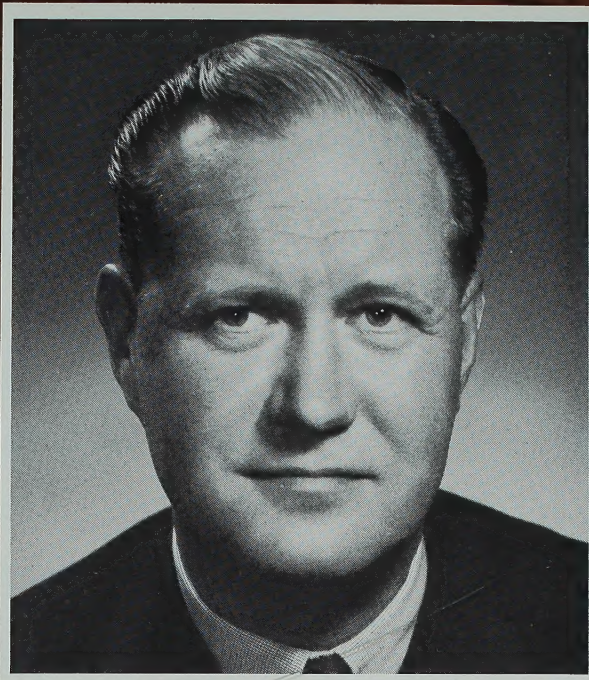
W. D. MOFFATT
President and Managing Director
Eddy Paper Company Limited



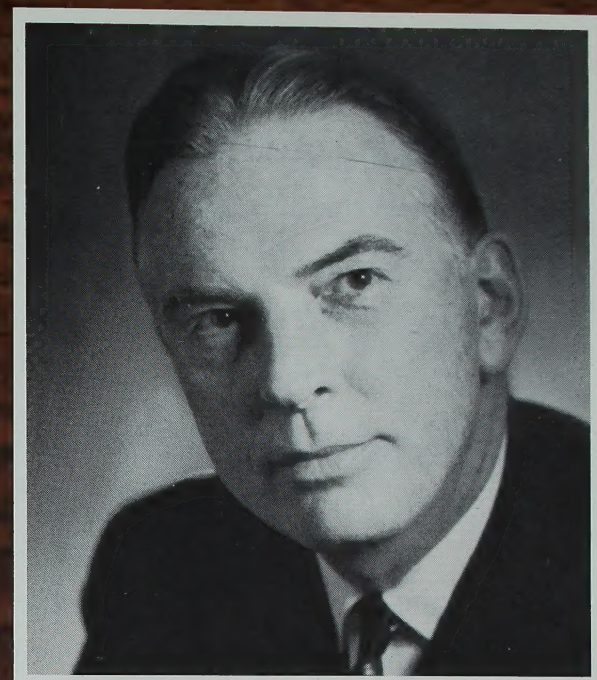
C. L. GUNDY



F. A. RIDDELL
President
Weston Bakeries Limited



F. CLIFFORD LENNOX
President and General Manager
Somerville Industries Limited



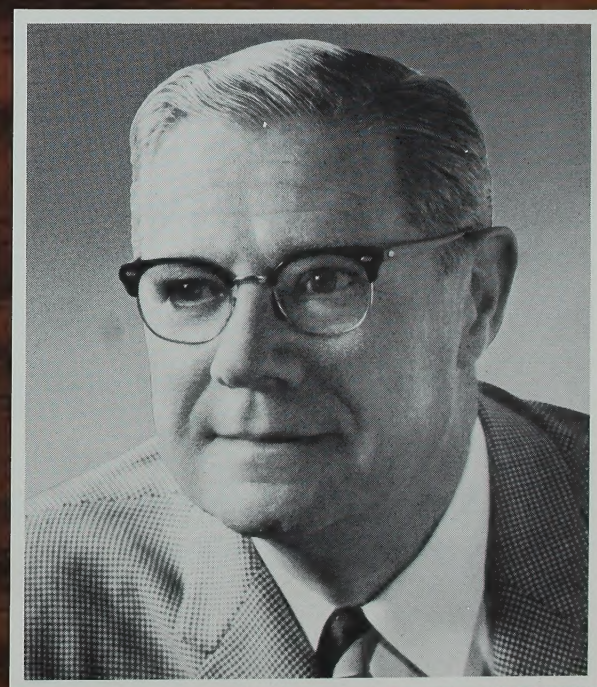
E. L. JONES, C.A.
Secretary and Treasurer
George Weston Limited



G. E. CREBER



W. STRUAN ROBERTSON, Q.C.



SYDNEY J. SMITH
President
William Neilson Limited

President's Report to Shareholders

Record Results

The best year in Weston's history . . . 1964 was another record breaking year . . . in Profits . . . in Production . . . in Performance . . . throughout the broadening scope of the Company's strongly diversified organization. For the 11th consecutive year your Company's integrated program of growth and expansion resulted in sharp, solid gains . . . and substantial, sustained progress.

- Net profits were up 15% to the highest level ever attained.
- Earnings per share of \$1.36 were up 16% . . . a new high.
- Sales and product output exceeded all previous volume.
- Dividends to shareholders increased up to a total of nearly \$5½ million.

One fact stands out among the many highlights of the Company's performance in 1964 . . . the successful promotion of the diversified concept.

It is our conviction that the mounting acceptance of this concept will be one of the biggest factors in the growth and prosperity of the Company in the future.

The excellent performance record of the past year reconfirms the wisdom of our long-range planning and diversification program.

It is an inspiration to the entire Weston organization to reach out to New Markets . . . New Opportunities . . . Higher Goals. Our giant, wide-spread operations . . . are being guided by a dynamic management team who are Enthusiastic . . . Confident . . . and Determined to achieve even greater strides forward in the coming year.

Highest Earnings

At \$15,027,152 Consolidated Net Profits are the highest ever reported by your Company . . . 15% higher than the previous record of \$13,046,805 earned in 1963.

Per share earnings were \$1.36 for each Class A and Class B share outstanding at December 31, 1964 compared with \$1.17 in 1963, and \$1.03 in 1962.

Each and every year since the development of the major expansion and diversification program in 1955, your Company has earned substantial and increasingly greater net profits.

The year 1964 . . . crowns a decade . . . of continuing progress . . . consistent profit performance.

The "Ten Year Statistical Summary" in this Annual Report concisely records the sharp uninterrupted upward trend of your Company's growth . . . per share earnings have increased from 32¢ in 1955 to \$1.36 in 1964 . . . more than quadrupled in ten years.

In the past three years alone net profits after taxes are up 75% . . . and earnings per share are up over 50%.

These vitally important statistics vividly portray the steadily rising scale of earnings throughout this period of accelerating growth. The enlarging area and scope of the Company's broad and expanding activities significantly predict the path of potential profits in the future.

During 1964 the surrender of share purchase warrants resulted in the issuance of 20,286 Class A shares.

Broadened Base Earnings

Until such time as it is practicable to consolidate all of its subsidiaries in the Annual Report, your Company can only indicate the extent of Potential Earnings on the Broadened Base of its interests in the form of estimated, unaudited figures calculated on a Pro Forma Basis at the current pace of the operations of the overall organization.

The Broadened Base Earnings of George Weston Limited and all its Subsidiaries at the current annual rate are now in the range of \$2.00 to \$2.05 per common share.

Higher Dividend Rate

Weston shareholders received \$5,496,889 in dividends in 1964 . . . an increase for the year of \$524,649.

Dividend payments to holders of preferred shares amounted to \$984,037; and to Class A and Class B shareholders \$4,512,852.

The annual dividend rate on the Class A and Class B shares was increased from 40¢ to 45¢ in April 1964. This followed increases from 35¢ to 40¢ in April 1963, and from 30¢ to 35¢ in April 1962.

In the past four years Weston's has almost doubled its dividend rate to Class A and Class B shareholders. Since 1930 your Company . . . regardless of economic conditions . . . has paid dividends on a regular basis and at an ever increasing rate . . . and in 35 years it has never omitted or reduced a dividend payment to its shareholders.

It is Weston's policy to pay out in dividends as much of its earnings as possible, consistent with the financial needs and requirements of an international growth enterprise.

Working Capital

The Financial position is sound . . . Current Assets at December 31, 1964, were \$114,329,535, against Current Liabilities of \$52,392,470, resulting in a working capital of \$61,937,065 and a current ratio of 2.18 to 1.

Working capital is adequate for current requirements.

Accounts Receivable and Inventories at the year-end were well in line with production programs and sales turnover.

Weston's Diversification

George Weston Limited and its subsidiaries control one of the largest and most successful diversified organizations in North America.

The Weston name has long been an emblem of leadership in the manufacture of quality foods. Within the past decade Weston's has moved quickly ahead into new and diverse fields of endeavour. Through internal growth and judicious acquisition the sphere and scope of operations have been greatly enlarged.

Weston's today . . . is strongly diversified . . . designed for growth.

Weston's today . . . is an extensive, integrated group of thriving Companies, strategically located throughout North America.

Weston's today . . . is predominant in the production, processing and distribution of food . . . and pre-eminent in the paper, packaging, plastic, and other allied growth industries.

As a result of this aggressive program of expansion and diversification the base for business has been broadened . . . earning capacity and profit potential have been increased . . . diversification has demonstrated added advantages . . . provided economic stability and increased the competitive ability to keep ahead of the pace in these times of swift and sweeping change.

The Weston family of famous-name Companies are Canada's major producers of bread, biscuits, confectionery, and other quality food products.

Weston Bakeries Limited . . . is Canada's largest manu-

facturer of bread and bakery products with plants throughout Canada . . . producing "Weston" and "Sunbeam" products in increasing volume.

The traditional "Weston" quality biscuits and confectionery are produced in the mammoth Longueuil, Quebec plant and in Brantford, Ontario.

Eddy Paper Company Limited . . . is held in high international regard as a skilled papermaker. Mills in Hull, Quebec and Ottawa, Ontario produce a full range of paper and paper products for the industrial, commercial, and consumer markets . . . both domestic and export. Founded in 1851, this Company is sixteen years older than Confederation and still future-minded, still growing. Right now it is in the midst of a \$10,000,000 expansion program . . . building one of the largest industrial operations in the national capital area . . . installing additional high-speed production machinery . . . in order to meet the increasing demands of the marketplace. This further major enlargement of facilities marks another milestone in the continuing growth of this traditionally progressive enterprise.

William Neilson, Limited is the largest chocolate manufacturer in Canada, enjoying the greatest sale of chocolate bars and chocolate lines . . . makers of the famous Jersey Milk Chocolate . . . "The Best Milk Chocolate Made," together with 35 other quality chocolate bars including Crispy Crunch, Malted Milk, Liquid Four Flavour and Treasures Bars.

Neilson's is also one of the leading ice cream manufacturers in the country and its diversified operations produce Spray Process Milk Powder and Condensed Milk . . . Chocolate Cocoas and the finest Pure Chocolate Coatings.

Neilson's varied lines are marketed in Canada, coast to coast, and exported to many countries.

Renowned for quality . . . Neilson's has built its reputation on freshness. "Made from fresh milk daily" . . . fresh from farm to factory . . . has always been a Neilson standard in its processing procedures.

Somerville Industries Limited . . . is the largest and most progressive packaging concern in Canada. This

Company is a designer and producer of lithographed and printed packaging materials, a major supplier of folding cartons, displays, containers, automotive components, plastic products, toys and games. Somerville and its subsidiaries operate ten plants in Ontario, Quebec, and Manitoba . . . the newest in Bramalea Ontario, is equipped with the latest, most modern facilities for plastics production. The future of this young and vigorous business is excellent.

Westfair Foods Limited . . . is Western Canada's largest wholesale food distributor, operating fifty warehouses and servicing more than 1200 affiliated retail outlets, as well as the retail trade generally, from the Lakehead to the Pacific Ocean and north to the outposts of the Arctic.

McCormick's Limited . . . is one of the oldest and most respected names in the food business . . . one of Canada's leading manufacturers and national distributors of fine biscuits, confectionery and ice-cream cones, with its headquarters in London, Ontario. McCormick's continues to be a major and growing unit in the giant Weston food complex.

Willards Chocolate Company Limited . . . is nationally known for its "Sweet Marie" chocolate line and a complete range of chocolate bars, packages and general confectionery of the highest quality. Since acquisition by Weston's, facilities have been considerably expanded to meet the rapidly increasing markets for its products.

Others in the Weston Food Family include Paulin Chambers Co. Ltd. in Western Canada . . . G. J. Hamilton & Sons Ltd. in Nova Scotia . . . Marven's Limited in New Brunswick . . . and five biscuit plants in the United States including the well known . . . long established "Famous Foods of Virginia" line produced in Richmond, Virginia, by the Southern Biscuit Company.

In addition to the subsidiaries consolidated in this report, your Company has a 57.8% voting control in Loblaw Companies Limited, a holding company with 98% ownership of the voting shares of Loblaw Groceries Co., Limited . . . Canada's leading retail food organization.

During the past thirteen years Loblaw's has increasingly extended its interests and has established a commanding position as one of the most diversified retail, wholesale, marketing and food processing Companies in America.

Loblaw's controls a 52.5% interest in the giant National Tea Co. of Chicago, Illinois, one of the top five United States retail food chains. Sales climbed 6% in 1964 to a new record of \$1.1 billion . . . and net profits increased to a new high of \$10,640,000. The company is actively engaged in an aggressive program of further expansion and improvement. In addition to nearly 1,000 supermarkets, merchandising facilities include warehouse, processing and bakery facilities. Future potential for greater growth in sales and profits is excellent.

Also in the United States . . . Loblaw's owns almost two-thirds control of Loblaw Inc., a 150 unit supermarket organization operating throughout northern New York State and adjacent territories. An extensive modernization program is expected to result in sub-

stantially decreased costs and the profit picture promises to improve accordingly.

The Weston image has changed remarkably in recent years . . . today Weston's is not only one of the greatest names in food . . . but also . . . an aggressive, outstanding leader in other highly diversified key industries . . . George Weston Limited, and its subsidiaries, comprise a solid, broadly based enterprise, backed by a record of proven performance and with bright prospects of tremendous future potential, providing a strong foundation upon which Weston leadership can continue to build in depth.

Sincere Appreciation

Your Company's greatest asset . . . its richest resource . . . is its people . . . officers . . . management . . . employees . . . in all areas of sales, service and production . . . throughout all divisions of the growing Weston organization.

The Directors gratefully acknowledge that the stirring

chapter in the continuing story of Weston's success during the past year was made possible by the loyalty . . . enthusiasm . . . and efforts . . . of Weston's people.

Expanding Horizons

The horizon of the future glows with the rising dawn of a great new era.

The crisp pace of scientific advances has sharply accelerated the process of growth throughout the world. The onward march of progress is bringing many challenges . . . many opportunities . . . many benefits . . . in all areas of human activity.

The reasons for optimism are countless and compelling . . . but none is greater than the powerful energizing force of faith and confidence in a bright future.

Science and system have completely revolutionized merchandising methods in the food industry. Mass production methods and modern techniques have placed Canada and the United States in the forefront

of nations, as producers and exporters of food.

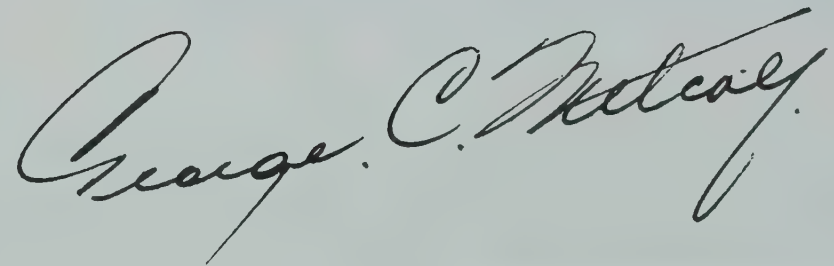
Food is a growth industry . . . world requirements for food are rising at a rapid rate. Population increases and higher incomes are creating wider markets . . . greater demands for food products every year.

Your Company is well established, actively participating, in this growth industry in North America. New products, greater economies, new processes, greater markets for our products . . . combined with a strong determination for achievement, justify a most optimistic outlook.

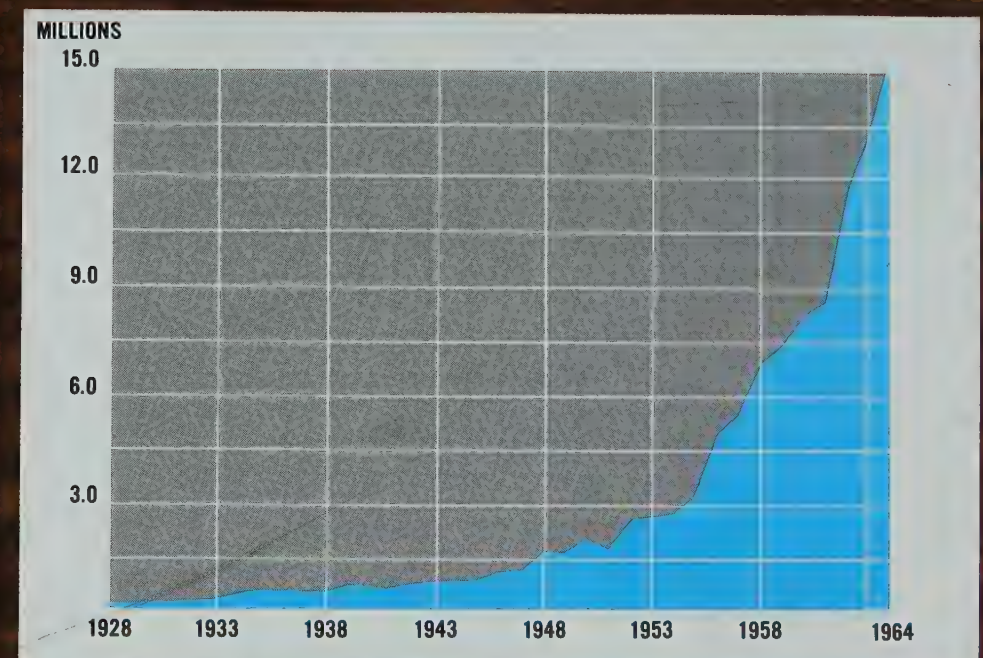
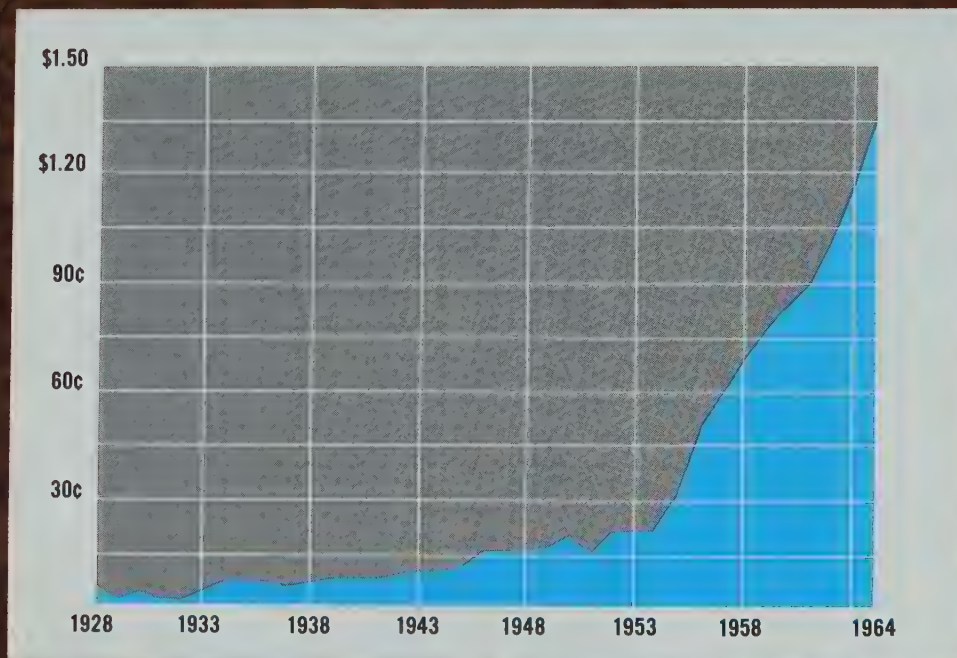
The Weston policy of planned, progressive expansion has produced consistent and commendable results all across the broad spectrum of its diversified operations and has superbly equipped your Company with a unique combination of talents . . . in a wide variety of businesses . . . to continue its leadership among the pace setters in the food industry.

We are entering our 36th year with full confidence in both the immediate and long-term prospects of the Company's broadening potential. We are anticipating continued growth in the economy and are charting our course accordingly with energy and enthusiasm.

Most important . . . we know that we have the people at Weston's . . . who will seek . . . and find . . . ways to implement and expand our future.

A handwritten signature in black ink, reading "George C. Metcalf". The signature is fluid and cursive, with the first name "George" being the most prominent.

President and Managing Director



EARNINGS PER COMMON SHARE

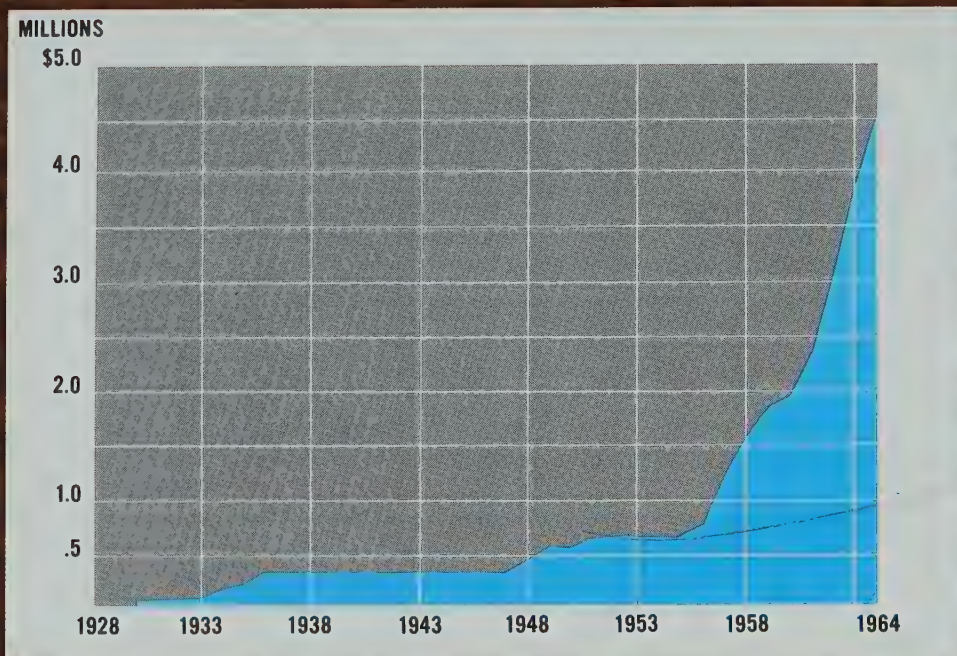
1964 earnings per share reached a record \$1.36 and were

- (a) 16% better than 1963's \$1.17
- (b) Nearly double the 1958 earnings of 70¢
- (c) More than 6 times 1954 earnings of 22¢
- (d) A continuation of the unbroken annual increases in earnings since 1951.

NET PROFIT

1964 Net Profit was \$15,027,152 and was

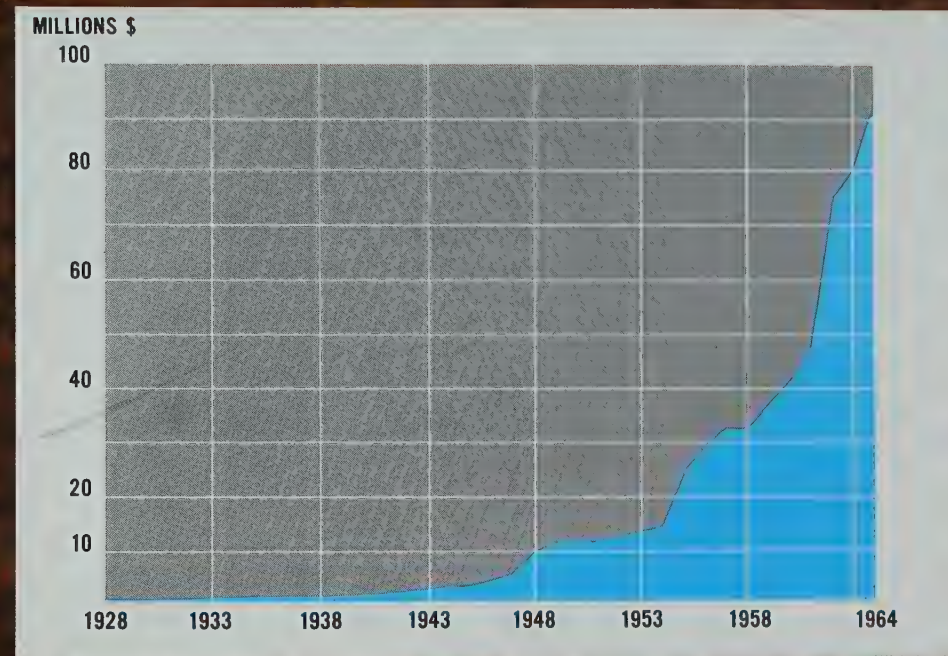
- (a) An all-time record
- (b) More than double 1959 Net Profit
- (c) More than 6 times the annual profit of 10 years ago.



COMMON DIVIDENDS

Payments have been consistent and without decrease since their initiation in 1930. In 1964 Common Dividends of \$4,512,852 were

- (a) An increase of 13% over 1963's
- (b) Nearly 3 times dividends paid in 1958
- (c) 6½ times dividends paid in 1954
- (d) Nearly 10 times dividends paid in 1948.



RETAINED EARNINGS

At December 31, 1964 retained earnings of \$91,278,365 were

- (a) 250% of the 1959 figure
- (b) 650% of the position 10 years ago.

Consolidated Balance Sheet

— with comparative

<i>Assets</i>		1964	1963
CURRENT ASSETS			
Cash - - - - -	\$ 7,501,554		\$ 15,021,081
Short term investments - - - - -	1,500,000		—
Accounts receivable, less allowance for doubtful accounts (note 2) -	36,966,304		37,061,542
Inventories, at the lower of cost or market - - - - -	66,411,469		67,895,878
Prepaid expenses - - - - -	<u>1,950,208</u>	\$114,329,535	<u>2,036,882</u> \$122,015,383
INVESTMENTS			
Shares in subsidiary companies not consolidated, at cost (note 3) - -	24,238,182		21,154,305
Sundry investments, at cost (note 3) - - - - -	3,858,918		5,010,979
Secured loans and advances (note 2) - - - - -	6,394,899		3,639,896
Life insurance, cash surrender value - - - - -	<u>393,226</u>	34,885,225	<u>366,264</u> 30,171,444
PREFERRED SHARE SINKING FUND ASSETS - - - - -		500,000	500,000
FIXED ASSETS			
Land, buildings, plant and equipment, at cost - - - - -	189,077,439		181,184,492
Less: Accumulated depreciation - - - - -	<u>95,144,088</u>	93,933,351	<u>92,533,481</u> 88,651,011
DEFERRED CHARGES TO OPERATIONS - - - - -		373,706	247,832

Signed on behalf of the Board,

W. GARFIELD WESTON

GEORGE C. METCALF

Directors

The accompanying notes are an integral part of these statements.

\$244,021,817\$241,585,670

on Limited

as at December 31, 1964

figures for 1963 —

Liabilities

	1964	1963
CURRENT LIABILITIES		
Bank loans, secured - - - - -	\$ —	\$ 6,000,000
Accounts and notes payable - - - - -	44,667,202	42,909,626
Taxes payable - - - - -	3,590,272	5,106,955
Dividends payable - - - - -	1,254,912	1,123,887
Portion of funded indebtedness payable within one year - - - - -	<u>2,880,084</u>	<u>2,974,700</u>
	\$ 52,392,470	\$ 58,115,168
FUNDED INDEBTEDNESS (note 5) - - - - -	53,333,940	55,467,004
MINORITY INTERESTS		
Relating to preferred and common shares of consolidated subsidiaries -	10,380,731	10,631,887
PREFERRED SHARE SINKING FUND RESERVE - - - - -	500,000	500,000
REAL ESTATE CARRYING CHARGE RESERVE (note 6) - - - - -	3,101,163	3,459,497

Shareholders' Equity

CAPITAL STOCK

Authorized:

365,515 Cumulative Redeemable Preferred Shares, par value \$100 each, issuable in series, less 3,787 previously redeemed.

9,750,000 Class A Shares without par value

7,200,000 Class B Shares without par value

Issued and fully paid: (note 8)

111,728 Preferred Shares, 4½% First Series - - - - - 11,172,800 11,282,800

80,000 Preferred Shares, 6% Second Series - - - - - 8,000,000 8,000,000

191,728 19,172,800 19,282,800

6,209,537 Class A Shares (6,189,251 in 1963)

4,115,376 Class B Shares (4,115,376 in 1963)

10,324,913 13,862,348 13,679,774

33,035,148 32,962,574

RETAINED EARNINGS (note 9) - - - - -	91,278,365	124,313,513	80,449,540	113,412,114
		<u>\$244,021,817</u>		<u>\$241,585,670</u>

George Weston Limited

Consolidated Statement of Retained Earnings Year ended December 31, 1964

RETAINED EARNINGS—at beginning of year-	- - - - -			\$80,449,540
add: Net profit for year	- - - - -	\$15,027,152		
Recovery of goodwill, previously written off, on disposal of shares of subsidiaries -	- - -	1,298,562	16,325,714	
			<u>96,775,254</u>	
deduct:				
Dividends				
Preferred Shares				
First Series	- - - - -	\$ 504,037		
Second Series	- - - - -	<u>480,000</u>	984,037	
Common Shares				
Class A	- - - - -	2,712,381		
Class B	- - - - -	<u>1,800,471</u>	<u>4,512,852</u>	<u>5,496,889</u>
RETAINED EARNINGS—at end of year -	- - - - -			<u><u>\$91,278,365</u></u>

George Weston Limited

Consolidated Statement of Income Year ended December 31, 1964 — with comparative figures for 1963 —

	<u>1964</u>	<u>1963</u>
INCOME FROM OPERATIONS, including current year's amortization of the real estate carrying charge reserve, and before the undernoted items - - - - -	\$32,628,973	\$30,236,059
add:		
Dividend income - - - - -	\$1,604,885	\$1,488,819
Profit realized from investments and fixed assets - - -	1,093,354	1,288,794
	<u>2,698,239</u>	<u>2,777,613</u>
	35,327,212	33,013,672
deduct:		
Remuneration of executive officers and legal advisers - -	961,089	935,624
Depreciation - - - - -	7,154,796	7,257,442
Interest on funded indebtedness - - - - -	2,805,653	2,592,820
Other interest - - - - -	934,372	638,233
	<u>11,855,910</u>	<u>11,424,119</u>
INCOME BEFORE TAXES - - - - -	23,471,302	21,589,553
Taxes on income (note 4) - - - - -	7,516,000	7,830,000
	<u>15,955,302</u>	<u>13,759,553</u>
Minority interest in income - - - - -	928,150	712,748
NET PROFIT FOR YEAR - - - - -	<u>\$15,027,152</u>	<u>\$13,046,805</u>

Notes to 1964 Consolidated Financial Statements

Note 1 Principles of consolidation.

Subsidiary companies in the consolidation have been consolidated on a basis consistent with prior years.

The financial statements of George Weston Limited do not include the accounts of Loblaw Companies Limited and its subsidiaries.

The accounts of the United States subsidiaries are included in the consolidated statements at par of exchange.

Note 2 Accounts receivable and secured loans

Included in accounts receivable is an amount of \$442,946 and in secured loans and advances an amount of \$2,304,621 due from subsidiaries not consolidated.

Note 3 Investments

Shares in subsidiaries not consolidated includes \$10,275,000 in 1964 and \$9,340,000 in 1963 representing the cost of investment in preferred shares, without a quoted market value, in a subsidiary of Loblaw Groceterias Co., Limited; shares, having quoted market values of \$40,490,000 in 1964 and \$32,200,000 in 1963, had aggregate costs of \$13,673,255 and \$11,396,961 respectively.

Sundry investments includes shares, with quoted market values of \$1,640,000 in 1964 and \$2,600,000 in 1963, having aggregate costs of \$1,715,000 and \$3,013,000 respectively. Realizable value of balance of sundry investments is estimated to be not less than cost.

Note 4 Income taxes

The taxes on income for the current year are after a reduction of approximately \$2,800,000 because of the intention of the company to claim for tax purposes deductions to the extent of approximately \$5,550,000 in excess of the amount provided for the year in the accounts. The net amount of accumulated tax reductions at December 31, 1964 is approximately \$13,500,000.

Note 5 Funded indebtedness

Funded indebtedness consists of the following, after deducting amounts payable within one year and included in current liabilities.

George Weston Limited

Initial Series—4¾% 15 year Sinking fund debentures due January 15, 1968	- - - - -	\$ 3,200,000
Series B—4¾% Sinking fund debentures due October 15, 1971	- - - - -	6,850,000
Series C—4⅞% Serial debentures due May 15, 1965 to 1968 inclusive	- - - - -	\$ 1,575,000
5¼% Sinking fund debentures due May 15, 1982	- - - - -	11,850,000
Series D—5% Serial debentures due May 15, 1965 to 1968 inclusive	- - - - -	1,575,000
5½% Sinking fund debentures due May 15, 1983	- - - - -	12,375,000
		<u>13,950,000</u>
		<u>\$37,425,000</u>

Eddy Paper Company Limited

First Mortgage Bonds

1954 Series—4% Sinking fund bonds due October 1, 1974	- - - - -	\$ 7,200,000
1955 Series—4% Sinking fund bonds due June 1, 1975	- - - - -	3,750,000
		<u>10,950,000</u>

Somerville Industries Limited

First Mortgage Bonds

Series A—5¼% Sinking fund bonds due October 15, 1973	- - - - -	\$ 1,573,372
Series B—6% Sinking fund bonds due June 15, 1977	- - - - -	1,900,000
		<u>3,473,372</u>

Funded indebtedness of other subsidiaries	- - - - -	849,328
Notes and mortgages payable	- - - - -	636,240
Total funded indebtedness	- - - - -	<u>\$53,333,940</u>

Note 6 Real estate carrying charge reserve

The real estate carrying charge reserve originating from the excess of proceeds on sale over depreciated cost of properties sold, now under long term leases, is being transferred to income on a basis which will amortize the reserve over a period from 14 to a maximum of 50 years from the dates of such sales. Amortization charges for the current year amount to \$358,334.

Note 7 Long term leases

Long term leases entered into by the companies extend into the year 2009. Under such leases aggregate rentals amount to approximately \$41,416,000 exclusive of taxes, insurance and occupancy charges. Maximum annual rentals payable thereunder for the years 1965 to 1970 are approximately \$2,715,000.

Note 8 Capital stock

The Cumulative Redeemable Preferred Shares First Series and Second Series are redeemable at \$104 and \$105 respectively. During the year the Company purchased for cancellation under the terms of the Trust Indenture, 1,100 Preferred Shares, 4½% First Series.

The Class A shares carry a non cumulative preferential dividend of 8⅓¢ per share per annum after payment of dividends on the Preferred shares, and participate equally with Class B shares after payment of 8⅓¢ per share on the latter.

During the year, 20,286 Class A shares of George Weston Limited were issued for \$182,574 on the exercise of rights outstanding under share purchase warrants.

Outstanding share purchase warrants at December 31, 1964 which expire on October 15, 1966, entitle the holders to purchase 600,447 Class A shares of the Company, as now constituted, for a total consideration of \$5,404,023.

Note 9 Retained earnings

Retained earnings includes an amount of \$378,700 set aside as Capital Surplus re the redemption of preferred shares as required by Sect. 61 of The Companies Act (Canada).

Note 10 Contingent liabilities

Contingent liabilities, relating mainly to third party guarantees, amount to approximately \$4,500,000.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
CHARTERED ACCOUNTANTS

TORONTO
OFFICES IN CANADA
KITCHENER
VANCOUVER
WINNIPEG
SAINT JOHN
OFFICES OUTSIDE CANADA
NASSAU, BAHAMAS
BRIDGETOWN, BARBADOS

LONDON
CALGARY
MONTREAL
MONCTON

SUITE 902
111 RICHMOND STREET WEST
TORONTO 1, ONT.

TO THE SHAREHOLDERS
GEORGE WESTON LIMITED;

We have examined the consolidated balance sheet of George Weston Limited as at December 31, 1964 and the consolidated statements of income and retained earnings for the year ended on that date. For George Weston Limited, and those subsidiaries of which we are the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, and we have obtained all the information and explanations we have required. For those subsidiaries of which we are not the auditors, we have been furnished with financial statements and the reports thereon of their auditors; with respect to the amounts for these subsidiaries included in the consolidation, our opinion is based on such statements and reports.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the company and the financial statements of its consolidated subsidiaries, the accompanying consolidated balance sheet and consolidated statements of income and retained earnings are properly drawn up so as to exhibit on a consolidated basis a true and correct view of the state of the affairs of the companies as at December 31, 1964, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

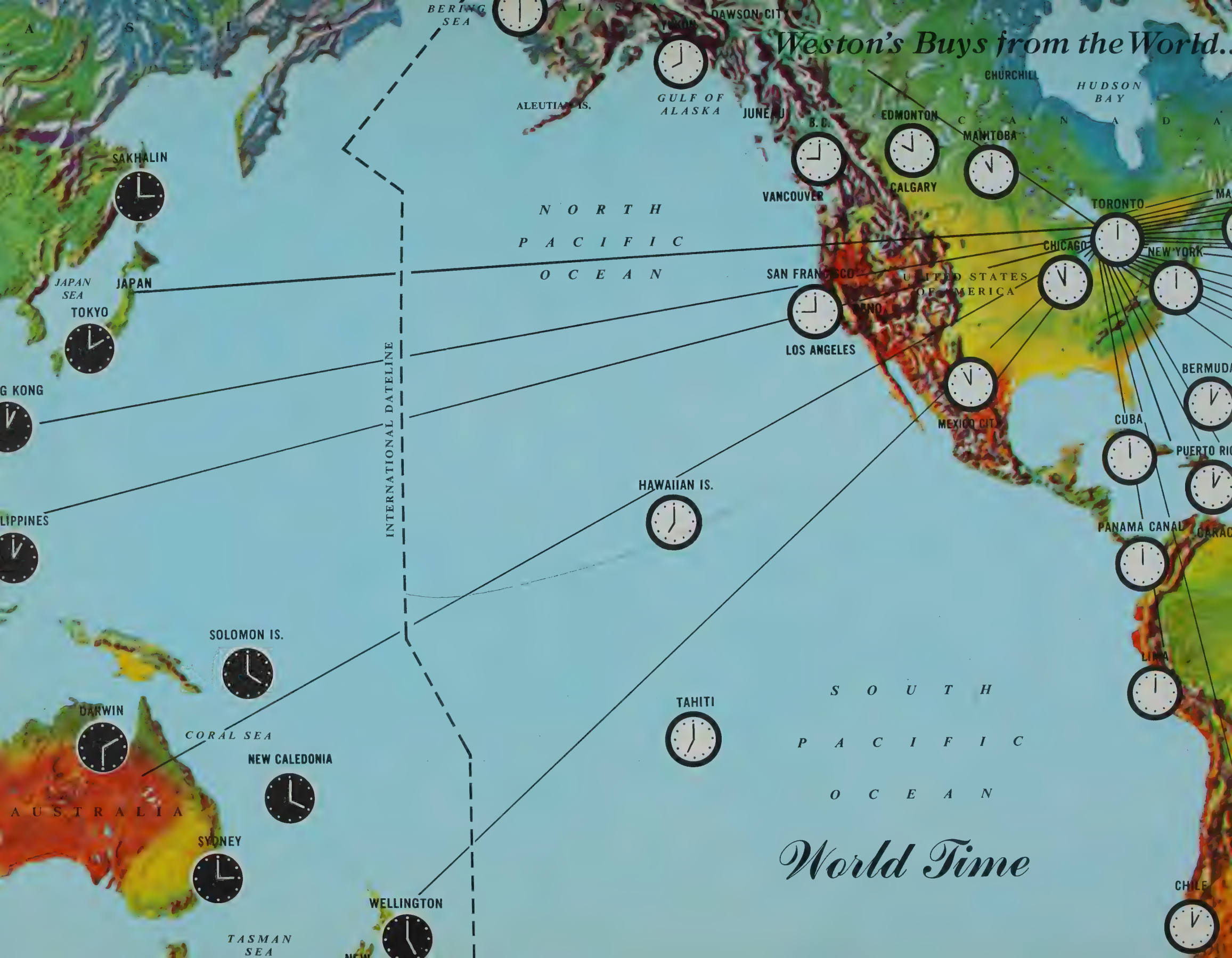
In accordance with Section 118 of The Companies Act (Canada) we report that the aggregate net profits of the subsidiaries not consolidated have been reflected in the consolidated financial statements for the year only to the extent of dividends received.

Toronto, Canada,
March 26, 1965.

Thorne, Mulholland, Howson & McPherson
Chartered Accountants.

Ten Year Statistical Summary

Year	Working Capital	Total Assets	Common Shareholders' Equity	Profits After Taxes	Preferred Dividends	Common Dividends	Earnings Per Common Share
1955	\$12,762,909	\$ 68,857,899	\$ 29,793,203	\$ 3,168,189	\$531,045	\$ 685,896	\$0.32
1956	22,710,014	84,971,454	34,340,213	4,823,103	528,665	788,780	0.52
1957	24,067,447	93,558,988	37,493,276	5,443,579	614,474	1,234,612	0.59
1958	28,654,369	101,809,431	37,449,028	6,790,558	999,848	1,577,693	0.70
1959	21,526,421	110,871,054	42,037,214	7,399,870	999,827	1,853,340	0.78
1960	23,250,239	116,626,542	47,406,585	8,131,948	998,606	1,930,225	0.85
1961	26,083,099	120,474,316	52,844,716	8,533,821	992,484	2,369,680	0.90
1962	62,888,568	217,834,773	87,878,728	11,531,167	987,752	3,132,377	1.03
1963	63,900,215	241,585,670	94,129,314	13,046,805	987,751	3,984,489	1.17
1964	61,937,065	244,021,817	105,140,713	15,027,152	984,037	4,512,852	1.36



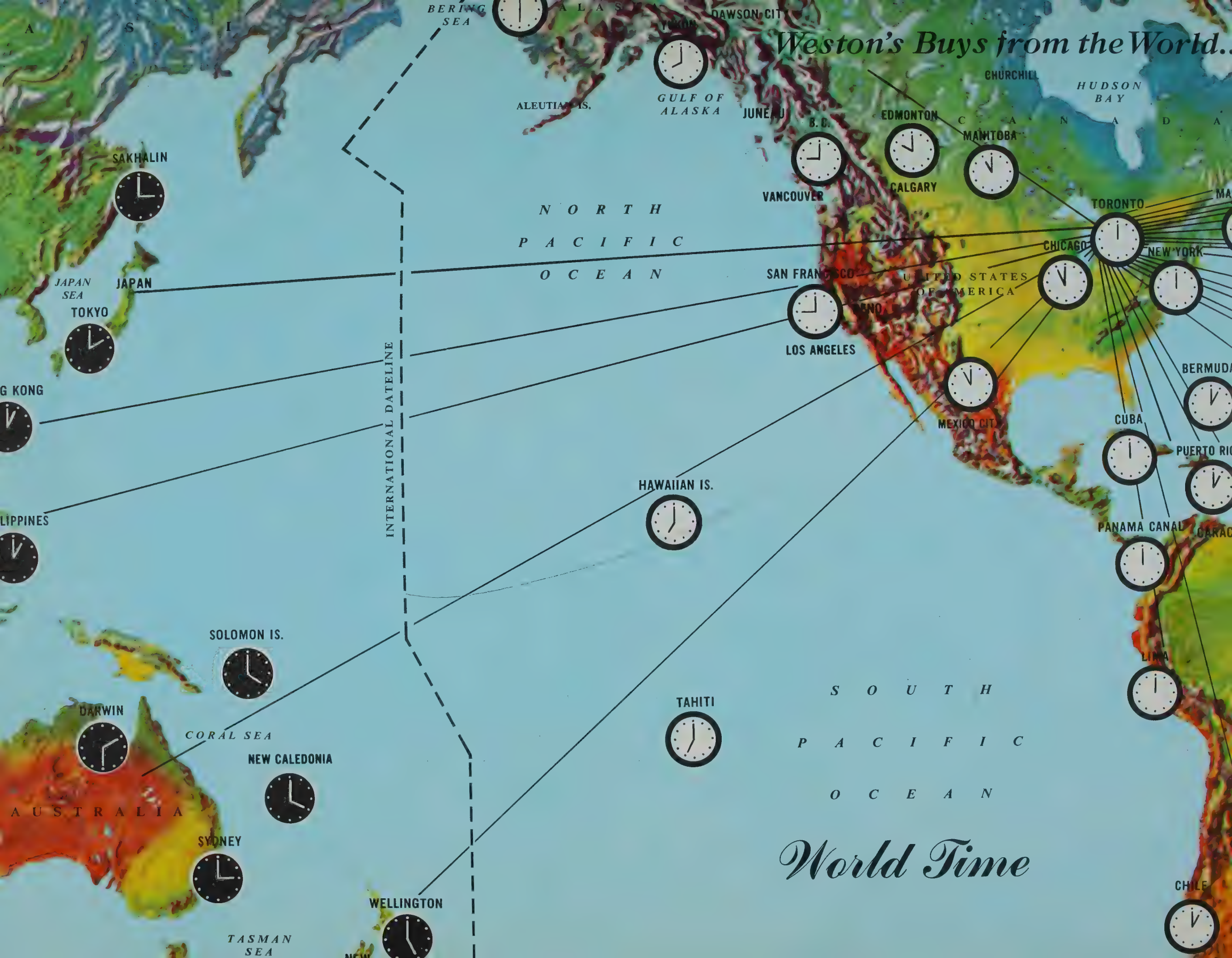
Weston's Buys from the World..

N O R T H
P A C I F I C
O C E A N

S O U T H
P A C I F I C
O C E A N

World Time

INTERNATIONAL DATELINE



Sells to the World



UNITED KINGDOM OPERATIONS

LEGEND

- SUPERMARKETS
- WAREHOUSES
- ◆ DEVELOPMENTS



Source and Application of Funds

Year ended December 31, 1964

Source of Funds

Net Profit for year	- - - - -	\$15,027,152	
Depreciation charged to operations	- - - - -	7,154,796	\$22,181,948
Recovery of goodwill, previously written off, on disposal of shares of subsidiaries	- - - - -		1,298,562
Increase in Capital Stock	- - - - -		72,574
			<u>\$23,553,084</u>

Application of Funds

Net increase in Investments	- - - - -	\$ 4,713,781	
Net increase in Fixed Assets	- - - - -		12,437,136
Dividends to Shareholders			
Preferred	- - - - -	\$ 984,037	
Common	- - - - -	4,512,852	5,496,889
Decrease in Funded Indebtedness	- - - - -		2,133,064
Sundry items, net of changes in real estate carrying charges, minority interest and deferred charges	- - - - -		735,364
			<u>\$25,516,234</u>
DECREASE IN WORKING CAPITAL	- - - - -		\$ 1,963,150

George Weston Limited

... operates biscuit plants in Toronto and Montreal, and a confectionery plant in Brantford, Ont., ... and through its subsidiaries is engaged in the production and distribution of a wide variety of fine food, packaging materials and paper products.

Consolidated Subsidiaries

G. J. HAMILTON & SONS, LTD., *Pictou, N.S.*,
soda and sweet biscuits for distribution throughout the Maritimes.

MARVEN'S LIMITED, *Moncton, N.B.*,
soda and sweet biscuits and potato chips for distribution
in the Maritimes and Quebec.

MCCORMICK'S LIMITED, *London, Ont.*,
soda and sweet biscuits, confectionery, ice cream cones and sipping straws
... national distribution.

WILLIAM NEILSON, LIMITED, *Toronto and Beachville, Ont.*,
cocoa, chocolate coatings, boxed chocolates and chocolate bars for national
distribution and export; ice cream for distribution in Central Ontario.

PAULIN CHAMBERS CO. LTD., *Winnipeg, Man.*,
soda and sweet biscuits and confectionery for distribution in Western Canada.

PERRIN INVESTMENTS LIMITED,
MEGARGY INVESTMENTS LIMITED
Toronto, Ont.,
holding companies for the Company's investments.

SOMERVILLE INDUSTRIES LIMITED, *London, Ont.*,
plants at Crumlin, Scarborough, Strathroy, Bramalea,
and Toronto, Ont.; Montreal, Quebec; and Winnipeg, Manitoba;
one of Canada's major suppliers of lithographed and
printed packaging materials.

WESTON BAKERIES LIMITED, *Toronto, Ont.*,
bread and cake bakeries at Montreal, Que.; Toronto, Kingston, Kitchener,
Kirkland Lake, Sudbury and Windsor, Ont.; Winnipeg, Man.; Regina
and Moose Jaw, Sask.; Calgary and Edmonton, Alta.;
Vancouver and Victoria, B.C.

WESTFAIR FOODS LTD., *Winnipeg, Man.*,
wholesale distributors of fruit and groceries through branches and subsidiaries
in Western Canada from the head of the Great Lakes to the Pacific Coast.

WILLARDS CHOCOLATE COMPANY LIMITED, *Toronto, Ont.*,
chocolate coatings, chocolate bars, boxed chocolates and
confectionery products for national distribution.

EDDY PAPER COMPANY LIMITED, *Hull, Que.*,
pulp and paper plants at Hull and Ottawa, producing a wide range
of industrial and consumer paper products for distribution
throughout Canada and abroad.

WESTON BISCUIT COMPANY INC., *Passaic, N.J.*,
soda and sweet biscuit plants at Passaic, N.J.; Battle Creek, Mich.;
Burbank, Cal.; Southern Biscuit Company division, Richmond, Va.;
American-Superior Biscuit Company division, Tacoma, Washington.

TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED
Toronto, Montreal, Winnipeg, Edmonton and their agents:
Canadian Imperial Bank of Commerce, Charlottetown, Halifax, Saint John, Regina, Vancouver

THE DETROIT BANK AND TRUST COMPANY
Detroit, Michigan, U.S.A.

ADMINISTRATIVE OFFICES

Suite 1300, 25 King St. West, Toronto 1, Ontario

George Weston Limited
and Subsidiaries



KNOWN
THROUGHOUT THE
WORLD